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ETHICAL TENSIONS IN THE WELFARE STATE

By ROY McCLOUGHRY



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PREFACE

This Study is a very small contribution to the ongoing controversy about the future and the nature of the welfare state. It deals only with the political debate about the values on which the welfare state (or its replacement), should rest. It is therefore an essay on political philosophy, more than anything else. Those looking for a Biblical theology of welfare will not find it here. I cannot do better than to recommend Chris Wright's *Living as the people of God* (IVP, 1984). Nor are there statistics, nor any treatment of the constituent parts of the welfare state. This and much beside can be found in the extensive report from the Anglican Board for Social Responsibility entitled *Not Just for the Poor* (BSR, 1986). Professor Duncan Forrester's book *Christianity and the Future of Welfare* (Epworth, 1985) is also to be recommended. The last area I have left is the most recent review of the welfare state by Norman Fowler. This is because I have already edited and contributed to a set of papers entitled *The Fowler Reviews and the Welfare State* published by the Shaftesbury Project. Some of my essay in that collection does however reappear here in a slightly different guise. Discussion of particular policies can be found in numerous articles and books surrounding the appearance of the *Faith in the City* report. The report is an invaluable ally to anybody looking at the current practice of the welfare state and will remain so for some years. Despite these obvious but quite deliberate gaps I hope that this Grove Study may shed some light on an important area for discussion.

I am very grateful to those in the Grove Ethics Group for their support in writing this essay, and to my research assistant Debbie Watmough for invaluable help in its preparatory stages. Even such a small offering as this can disrupt a household, so my greatest thanks go to my wife Helen.

Roy K. McCloughry
The Shaftesbury Project
April 1987

INTRODUCTION

Behind the debate on the welfare state lies a parallel controversy about the clash between competing values and ideologies in modern Britain. However, much work on the welfare state has concentrated on its constituent parts, assessing their performance by statistical criteria. Others have approached the subject comparatively by looking at Britain's vis a vis other countries. But the influence of ideas on the fate of nations should never be underestimated. This should be especially apparent to those in Britain since its political life has been transformed by a series of ideas since 1979.

The grounds for discussion have shifted so much as a result of this process, that British socialists are beginning to adapt their traditional stance on egalitarianism, in favour of socialism as a means to 'freedom'. The 'red flag' has become the 'red rose'. This process of adaptation means that the way in which key words and concepts are being used, is changing. Besides words such as 'freedom', 'equality' and 'social justice', what are 'market alternatives'? What does being 'free to choose' entail for a couple struggling on supplementary benefit? Surely if free markets create poverty they also create injustice? Such questions are not easy to answer but they are important for Christians to address as they attempt to assess the current demise of the welfare state.

For the most commonly reached conclusion is that the welfare state is not achieving its goals, but, with one or two notable exceptions, no one seriously wants to do away with it. This leaves us with 'tinkering' with the machinery, as if the fine-tuning were all that needed adjusting, when in fact the engine might need to be rebuilt. No-one, it seems can face the enormity of that task, or thinks that they can do it any better. This phenomenon alone needs to be explained. Perhaps it is to do with the intransigence of the problems reflected in the welfare state. It is not an isolated island in society, but draws its life from the wider social context. The welfare state reflects much of what we have become in modern Britain, especially in the decline of community awareness and the subsequent rise of 'welfare rights'. What was previously available spontaneously through the caring community has become part of a claim on politicized resources and a matter for bargaining over entitlement. The privatization of the individual, the retreat from public life, and the creation of welfare 'dependency', have become hallmarks of 'modernity'.

The individualism which is so prevalent in modern life finds its expression in J. S. Mill's saying that, 'the only freedom which deserves the name, is that of pursuing our own good in our own way, so long as we do not attempt to deprive others of theirs, or impede their efforts to obtain it'. Such a definition views other people only as possible constraints on our own freedom. Competition rather than cooperation is the norm, though people might become altruistic if it serves their interests.

The Biblical picture of freedom and obligation is quite different. In modern liberal orthodoxy people accept constraints on their anti-social

behaviour because they do not wish others to behave in the same way to them. However, in Old Testament law there are not only civil restraints but laws which require individuals to act positively and helpfully towards their 'neighbour'.

My neighbour, then, is not a restraint on my freedom but someone whom I am to love as I love myself. The Mosaic law does not so much free me *from* others as *for* others (cf. Deut 24.17-22). The primary category is the community of God's people of which the individual is a member. The law constantly requires individuals to ask themselves in any given situation, how they should behave in order to represent the life of that community. In Old Testament Israel it was *interdependence* which was valued, rather than *independence* in the modern sense of *autonomy*.

The Old Testament has no abstract definition of freedom, it does not deal with hypotheses which are hopelessly abstracted from the very lives which God has created. It does deal with the loss of freedom arising from exploitation, and from social and economic inequalities. The prophets were extremely concerned about the share which families had in the land, which was the source of wealth. The most common routes into slavery were through war and debt, and a family or clan become vulnerable when they lost their hold on their land and could be exploited. The prophets denounced those who accumulated property, 'who add house to house and field to field, until there is no more room, and you are made to dwell alone in the midst of the land'. (Is. 5.8) The distribution of the land by God preserved economic independence.

In Israel there was an equality because all had been slaves and all had been liberated from bondage by God. One of the reasons for the degree of enlightenment in the Mosaic law about slavery is that it was an inappropriate category for someone who was 'the Lord's slave'. Similarly both the creation narrative and the wisdom literature point out that God created both master and slave in his image (Job 31.13-15). Equality before God, not inequality, was God's norm.

Although the creation narrative contains a mandate to create wealth it seems that this wealth is to be used in the interests of the community. After all, as the Bible repeatedly points out, 'the earth is the Lord's' and we are merely trustees. In the Mosaic law God points people back to their own liberation as a cause for caring for the poor and oppressed. They are merely to reflect to others what God has done for them. There is therefore a strong motivation to act in the interests of the community (cf. Deut. 24.18)

In modern society we have a welfare state because we have failed at being such a welfare society. The motivation to act in the interests of the community is lacking and self-interest, is applauded. But the problem we have as a society is that the self-interest, which was meant to drive our economic interests alone, has spilt over into our social attitudes so that we have become an uncaring society.

We have therefore designed a system to care for our poor and needy, and we are proud of the vision which inspired it. But, as we shall see, the out-working of the vision is constantly under pressure from the distortions which come from the fallen nature of our world. These distortions are so deep that no political structure can remove them. In his teaching on the Kingdom of God, Jesus extends the Old Testament teaching on freedom to talk about slavery to sin and the possibility of liberation (Lk. 4.18-22). His life and teaching inspired the early church to turn power relationships into relationships of mutual submission, and for the church itself to become a community of mutual dependence, spiritually and economically.

Although the Christian thinker is called to hope, because of the possibility of redemption, he or she is also called to a sober realism about the extent to which any reform, or for that matter revolution, means genuine change, because of the pervasiveness of sin. As Stephen Mott has commented,

'Sin is not the self-harmonizing enlightened and rational self-interest of capitalism and other liberal forms of thought. Nor are human beings controlled by communal and creative drives assumed in traditional socialist thought. Sin is a power which destroys and must be restrained. . . . Reliance on voluntary programs of social care and the voluntary spirit of the people in place of legally supported programs, exists upon a questionable basis from the vantage of this interpretation of Biblical thought.'¹

¹ *The Bible and Economics: What does it tell us?* Paper delivered at the Oxford Conference on the Christian Faith and Economics, (7 January 1987) p.7.

1. THE DEATH OF THE WELFARE CONSENSUS

The concept of the welfare state grew up in the days of consensus politics where right and left wings agreed substantially on the programme of action politically. The optimism about Keynesian demand-management of the economy meant that the existence of a redistributive welfare state was not seen as a problem since it could be financed out of growth in the economy. The problems with the welfare state came with the recession of the mid-1970s brought on by the oil shock of 1973. It was here that problems of provision became evident. The 1970s saw the development of stagflation which could not be adequately explained within the Keynesian consensus. 1979 saw the election of a government which looked to the New Right for its inspiration and which therefore saw the uncertainties caused in the market by high and rising rates of inflation as the main threat to society. The remedy of cutting the PSBR and the money supply, was bound to cause a deeper entrenchment of the recession, leading to greater demands on the welfare system at the very time when it was bearing its share of the cuts.

Not only did the welfare system have to bear its share of the cuts, but it came under a withering attack from the 'New Right' which had been developing offstage for the previous thirty years, biding its time. This critique was most pungently expressed by Friedrich von Hayek, economist and political philosopher, whose trenchant defence of the free market went hand in hand with a sustained assault on the welfare state, especially as it had developed in practice, in Britain.

This radical libertarian or classical liberal (not Liberal) view of the welfare state is quite different historically from the Conservative (Tory) perspective. Roger Scruton says of the latter in his book *The Meaning of Conservatism*:

'It is clear then what the conservative view of the welfare state must be. The English conservative will not—like his American counterpart—regard it as an abomination, neither will he seek to extend it beyond the point which ordinary humanity requires. He will be reluctant to see the state make weaklings or dependents of its citizens, and yet at the same time he will not cancel what has become a hereditary right.'¹

The remnants of consensus thought are most evident in the thinking of politicians such as Norman St. John Stevas and Lord Stockton (formerly Harold Macmillan). His speech on 25 January 1985 argued strongly for a return to politics that would guarantee 'one nation', speaking openly and critically of Mrs. Thatcher's economic and social policies. Here was a clash between traditional paternalistic conservatism and the New Right, personified in the political commitment of two leaders of the same party.

¹ R. Scruton, *The Meaning of Conservatism*, (Pelican Books 1980) p.183.

ETHICAL TENSIONS IN THE WELFARE STATE

Just how different they are in approach can be seen from a speech which Mrs. Thatcher made in 1975 when she said:

'What lessons have we learnt from the last thirty years? First, the pursuit of equality is a mirage. Far more desirable and more practicable than the pursuit of equality is the pursuit of equality of opportunity. Opportunity means nothing unless it includes the right to be unequal—and the freedom to be different.'¹

It is the radical libertarians, on whose language and vision the Thatcher government have often drawn, that the Left have found difficult to engage let alone defeat in intellectual debate. This is admitted by Bryan Gould, the Labour MP, in his book *Socialism and Freedom*. The Left has relied on the acceptance of a trade-off between freedom and notions of justice and equality, by their opponents. This simplifies the debate, in that the only difference of opinion is exactly where on a continuum the trade-off should be made. This is the model of the consensus era. The problem with radical libertarians such as Hayek and Robert Nozick is that they reject the very notion of a trade-off. For them, freedom is the overwhelming priority and also the means whereby all desirable social objectives can be realistically attained.

A left-wing defence against such a view has been slow in coming forward. Gould recognizes that:

'The counter-attack would require an argument to the effect that there is no trade-off between liberty on the one hand and social justice, equality, and efficiency on the other. . . . but that only by giving priority to the ideals of equality and justice is it possible to guarantee to everyone the maximum possible degree of individual liberty.'²

The problem with the formulation of such a view by the Left is that such concepts, formulated correctly, do judge the current practice of the welfare state. This means that both the radical Left and the radical Right wish to occupy some of the same territory! This is brought out in a revealing quote from left-wing sociologist, Ruth Levitas:

' . . . the New Right has hi-jacked left-wing criticisms of the limitations of the welfare state—its bureaucracy, its intrusiveness, its failure to help those most in need—for its own purposes, making it difficult for the Left to voice such criticisms in ways which do not lend support to the New Right's own project of dismantling the welfare state. This leads to disconcerting similarities between commentators on the New Right and the New Right itself.'³

Both Left and Right have therefore been intensely critical of the current welfare system although not always for the same reasons! The Right see it as a complex bureaucratic structure, which is responsible neither to market forces nor to the rule of law in the sense that much discretion over individual cases is exercised by administrative officials. This confers great power on bureaucrats in interpreting the rulebook and it is partly due to this that Joe Public may be extremely disappointed that having filled out endless incomprehensible forms he comes away with very little because he does not fit into an appropriate sub-category.

¹ Quoted in Tony Walters *Fair Shares* (Hansel Press, 1986) p.98.

² Bryan Gould, *Socialism and Freedom* (Macmillan, 1985), pp.8-9.

³ Ruth Levitas (ed.), *The Ideology of the New Right* (Polity Press, 1986) p.12.

For the Left of course the Welfare State has failed insofar as it represents a compromise. It is seen as a vain attempt to graft a welfare sector on to a market economy to achieve a more equal society. It is vain, the Left argues, because it cannot possibly be expected to work while the rest of society is unaffected by the claims of socialism. What is needed is government intervention in all markets according to the principles of justice, (as defined by socialism). This is clearly stated by Julian Le Grand in his book *The Strategy of Equality* on redistribution and the social services. Because some refused to confront the ideology of inequality he says, '... a system was established that aimed to promote equality within a limited sphere. But by leaving basic economic inequality relatively untouched, it sowed the seeds of its own failure.'¹

Bryan Gould also states, 'The welfare state, though valuable and important in itself, remains a palliative for dealing with the casualties of a system which necessarily produces major and self-reinforcing inequalities and injustices. The search for private profit remains the major motivation for economic activity.'²

At the heart of the debate there is a confusion regarding means and ends. What was the Welfare State designed to achieve? Some thinkers, such as Hayek, believe that the concept of the Welfare State has been hijacked. Although he is often caricatured as being implacably hostile to the whole concept of the Welfare Society, this is not accurate. He believes that poverty should be eradicated and welfare provided for those who have 'fallen by the wayside' and are unable to provide for themselves. However, this should be through transfers of cash and not through access to health care, housing and education, as cash transfers maximize freedom of choice! Providing access to these for all, Hayek believes, has led to the middle classes benefitting more than those who are truly in need. In this both Left and Right are agreed. Brian Abel-Smith commented as long ago as 1958 that

'the major beneficiaries of the Welfare State have been the middle classes, that the middling income groups get more from the state than the lower income groups, that taxation often hits the poor harder than the well to do, and in general that the middle classes receive good standards of welfare while the working people receive a spartan minimum.'³

¹ Julian Le Grand, *The Strategy of Equality*, (George Allen and Unwin 1982) p.150.

² Gould *op. cit.*, p.61.

³ B. Abel-Smith, 'Whose Welfare State?' with N. McKenzie (ed.) *Conviction* (McGibbon, London, 1958) pp.55-73 (quote from pp.55-56).

2. MARKETS, JUSTICE AND POWER

Hayek's arguments against the existence of the Welfare State as we know it now are the most rigorous exposition of this position and we shall look at his critique in some depth. For Hayek, of course, the most important ideal, on which all else is based and by which all else is judged, is the freedom of the individual to choose his or her destiny without coercion from any other source.

This sounds laudable until we realize just how far Hayek intends that freedom to extend. For him, the wish of those on the left to cushion people from the problems of life may be praiseworthy, but sadly mistaken when worked out in practice. The problem for Christians seeking to analyze seriously the 'free market' as an alternative to state provision, is that free markets exacerbate poverty. Surely this is unjust? The defence of the market alternative by libertarians such as Hayek shows that there is a case to answer.

For Hayek, freedom is the absence of intentional coercion from another person. Injustice can only occur if the action is personal and deliberate. As he often points out, market outcomes are the product of human action but not of human design, and the millions of people who buy and sell in the marketplace do not intend that their collective actions should create poverty. That poverty is created by the market process is not only unavoidable but, on this view, actually beneficial in that inequality is necessary in a free society to generate incentives.

According to this view poverty is not 'injustice' but 'bad luck'. Just as in the same way as one cannot blame the wind or call it unjust if one's house is blown down, so one cannot, according to Hayek, blame the market for any particular outcome. The free market is for him a game in which the winners are those who are simply better at the game or who have more luck.

He comments in particular that while many people will tell you that a particular situation is intuitively *unjust*, no-one has ever come up with a general rule which can describe what is positively just. Such a description is not possible because of our differing world views and the scarcity of the kind of information about people's needs on which to base that kind of judgment. In the absence of any such universal rule as to what constitutes social justice, Hayek states that the concept is empty and the best possible solution is the free market.

The fact that life has dealt some a hard blow does not, in his view, give them the right to blame the rich as if they are responsible. Nor do the poor have 'rights' over the latter's wealth which could be transferred via the operation of the tax system. To tax wealth which they have come by legally and is theirs by 'right' (whether inherited or not makes no difference in this view) is to use coercion against them and violate *their* human rights. For Hayek the wealth which Welfarists see as available for redistribution only exists because of the inequalities which have generated that wealth. To tax the wealth away in the name of justice is to ensure that the society will not generate any more wealth. Social justice,

far from increasing freedom as in Gould's view, prevents people from 'achieving what they could achieve'.

But as Professor Raymond Plant has recently pointed out¹, what is just or unjust does not depend only on whether the poverty *came about* through circumstances for which society cannot be held responsible (akin to a freak storm blowing down one's house). It is also the way in which society *responds* to the existence of poverty which defines what is just and what unjust.

Although the outcome of market transactions may not be *intentional*, it can however be *foreseen*. We know that free markets create poverty. It is the lack of action based on such foresight which constitutes the basis for injustice rather than the ascription of intentional behaviour on the part of individuals who act in the market. Thus injustice in this view can arise not only through the behaviour of individuals but also through the workings of impersonal structures, since we also have knowledge about their effect upon market outcomes. As long as their behaviour is predictable and capable of reform then the fact that their impact is foreseeable constitutes an indictment against inaction.

It is important to stress that Hayek, and indeed libertarians in general, are not opposed to the alleviation of poverty. The problem comes with the role of the state. Hayek's suspicion is that under the guise of alleviating poverty a more general egalitarianism is being supported, which deprives people from attending to their own arrangements for old age pensions, health and housing. The principle of social insurance is just, because people are dealt with according to their own contributions, but, as soon as the taxation system begins to take the strain the welfare state becomes a political bureaucracy, with power going to the new bureaucratic class. Such a body has a vested interest in the continued expansion of state services and the whole structure has an in-built tendency towards growth and complexity which will not be of service to those in need. For Hayek the rule of law is breached when statutes give officials power to discriminate between individuals, often on subjective grounds of need. The system does not really help the poor but creates dependency and powerlessness.

One of the reasons for complaint by the Right over the use of the Welfare State as a tool to bring about a society based on equality rather than freedom, rests then on the erosion of the principle of social insurance. Critics like Hayek do not object to some form of insurance against unemployment, sickness and other aspects of social security. But they constantly warn of the dangers of state monopoly, and of the necessity for alternatives to the state schemes, offered through the market system, if the freedom of choice so essential to the individual is to be preserved. There has arisen a tendency for the poor to be provided for as if there

¹ R. Plant, *Neo Liberalism and the Welfare State*, (Crucible 1983), pp.19-26.

were some objective criterion of need. Governments are constantly accused of defining need in such a way as to discriminate unjustly between equally worthy groups. Indeed such rivalry between pressure groups has become endemic to the democratic process.

In that case, equality would only exist for those groups who share the particular bias of the government. Here lies another problem in the development of the welfare state, for although it is popularly seen as meeting the needs of individuals, the welfare state is increasingly the battle ground on which different pressure groups fight for its scarce resources. This is a real problem since democracy is meant to work best when individuals are 'disinterested' in the political sense. When they unite to form groups to seize the very things which they could not have if they remained apart, then the allocation of resources in the welfare state becomes a matter of which group exerts most effective political power over those who are responsible for public expenditure, rather than any concept of 'desert' being applied. The ultimate end of the process is of course that resources are allocated according to political feasibility and not *any* criteria of 'need', whether objective or subjective. It may be naive to think that it has never been so, but the worse such a problem becomes the more strain there will be on an already over-stretched welfare sector.

Although Hayek's defence of the market is strong, Plant's objections, on the basis that it is not necessary for the intention behind the market process to be coercive but for a lack of action in response to it, are stronger. However the objection to the destruction of welfare goods cannot be denied, nor can the politicization of the welfare process. However, has egalitarianism been ushered in through the welfare state as Heyek feared, but its founders hoped? It is to this that we now turn.

3. EQUALITY AS A MEASURE OF PERFORMANCE

As an instrument to bring about an egalitarian society, both Left and Right tend to agree that the welfare state has failed.

Whatever measure of equality is chosen the Welfare State does not deliver the dream as it was supposed to. Whether one is looking at housing, education, medical care or transport the five conventional definitions of equality used by economists show that we have not achieved much on the road to a more egalitarian society. This is true whether one is speaking of equality of public expenditure (which would spread expenditure on a particular service equally among individuals), equality of final incomes (such that the incomes of the poor are brought more into line with the rich), equality of use (so that the amounts of each service used by different individuals are the same), equality of cost (so that each individual faces the same cost per 'unit' of the service used) or equality of outcome (so that the individual's health or education, housing or conditions of mobility are improved). Using these criteria it has been shown that not only has equality not been achieved but also that in many cases there has been no move towards it. Again this is seen by the Left as a failure to be committed to the ideology of equality throughout society.

Overall, it is difficult to avoid the implication that the strategy of promoting equality through public expenditure in the social services has failed. It has failed to achieve full equality of whatever kind for most of the services reviewed. In those areas where data are available it has failed to achieve greater equality over time; and in some cases it is likely that there would be greater equality if there was no public expenditure on the service concerned.¹

This apparent failure is even more poignant when one looks the whole question of who actually benefits most from the welfare state and who pays for it. We have already quoted Abel-Smith and Hayek as agreeing that the welfare state benefits the middle classes. It may take from the rich but the benefits mostly go to the prosperous and not to the poor.

Le Grand's conclusions are quite stark. Professionals receive 40% more government expenditure on health-care than semi-skilled or manual workers. This is born out by a paper published in March 1987 by the Health Education Council entitled *The Health Divide*² in which it is stated that serious social inequalities in health care persist into the 1980s. The preface by Dr. David Player comments, 'such inequality is inexcusable in country which prides itself on being humane'.³ Although there was a fall in all-cause death rates this was not experienced uniformly. Non-manual groups experienced greater falls in death rates than manual groups. The North/South divide also persists, with death rates lowest in the South-East and East Anglia and highest in Scotland and the North of England.⁴

The highest 20% of earners also receive nearly three times as much public expenditure on education per household as the poorest 20%. By

¹ Le Grand *op. cit.*, p.132.

² *The Health Divide*, Margaret Whitehead (Health Education Council, 1987).

³ *Ibid.*, p.2.

⁴ Le Grand, *op. cit.*, p.75.

occupation group, the top socio-economic group receives approximately 50% more educational expenditure than the bottom group.¹

Education therefore fails the five definitions of equality as does health care. Housing is even more of a testimony to inequality as it raises the spectre of the tax-allowance economy through mortgage interest tax relief. Although there is considerable expenditure on public housing provision, and direct expenditures on subsidies and rent rebates favouring the poorest group by a factor of three, the pro-poor distribution of direct expenditure is not sufficient to offset the pro-rich distribution of tax expenditures'. The top 20% therefore receive twice as much public expenditure on housing as the lowest 20%.² Policies of selling off the best housing stock are increasing owner occupation which would seem to promote greater equality, but at the expense of the quality of the remaining stock for those who cannot afford to buy their own property. However, social security is unambiguously directed towards the poor with 50% of social security expenditure going to the lowest 20% and a further 30% going to the next 20%. Only 10% of expenditures go to the top 40% of earners.³

In the view of many commentators what has happened is that the basic inequalities in society are so strong that the imposition of redistributive welfare expenditures has not been able to markedly affect them. There is substantial evidence from too many sources that inequality in education is created by a much more pervasive social inequality. Nor will altering the housing subsidy system eliminate inequalities in housing itself. Squalor and poverty do not arise so much from an incorrect social policy but simply from the intransigence of the prior poverty of ordinary people. If this is true can Christians go along with statements such as have been made by the Friedmans in *Free to Choose* that for a free market to work efficiently our society must become more unequal? Or agree with the book to congressmen by the Reagan administration that 'In order to succeed the poor need most of all the spur of their own poverty'?⁴

Even though the welfare state does not come out well from this particular analysis, few on the Left want the welfare state to disappear even though it was their hopes and dreams of an egalitarian world that were meant to be ushered in through the welfare state. Many commentators believe that the emphasis should be changed from subsidizing services which can be appropriated by the middle classes, to subsidizing the poor themselves, which would require a radical redistribution of private incomes. Their starting point is the assumption that the poor have a claim on a greater share of the country's resources just because they exist and are the poor.

However, in the light of the fact that the welfare state seems to have performed so disastrously with respect to concepts of equality the Left are now increasingly defending the welfare state as the means of increasing *freedom*, an argument usually associated with the Right's insistence that freedom is only consistent with a free market and a minimal state. How is this sleight of hand achieved?

¹ Within those totals, the top group receives slightly less expenditure on primary and secondary education for pupils under sixteen than the bottom group; but it benefits from nearly twice as much for further education and over five times as much for university education.

² Le Grand, *op. cit.*, p.103.

³ *Not just for the Poor*, *op. cit.*, p.111.

⁴ G. Gilder, *Wealth and Poverty*, (Bantam Books 1981).

4. THE SOCIALIST APPROACH

Those people who choose to live within society and to accept its benefits, inevitably have to accept a number of social constraints in order to be able to enjoy freedom with that society. Freedom cannot therefore be defined entirely by the absence of coercion because firstly people are made to live within communities and secondly, certain rules and regulations (such as the highway code) increase their perception of freedom. In the relationship between 'society' and the individual, society limits, and the individual concedes freedom. All concessions are one way, unlike the relationship between two individuals which is a more complex two way relationship including both coercion and concession may take place. Gould, in his defence of a socialist perspective on freedom, thus accuses libertarians of viewing the freedom of the individual as if it consisted solely of the restriction of personal freedom by a society in which the state had exceeded liberal principles. But the freedom of the individual is also restricted by the behaviour of other individuals.

If people suffer from poverty and other deprivations and this is due to the organization of society, then these are factors which will limit the freedom of the individuals affected. If it can be proved that material deprivation affects the choice of the individual then the result is far reaching. There is little point in other words, of talking about the extensive freedom of choice in a market economy if people do not first have the power to exercise that choice. Gould states, '... freedom is not, at bottom, an abstract, but rather a practical, thing. A freedom without the practical possibility of its being exercised is no freedom at all and has no meaning'.¹ Such economic constraints are not restricted to any one form of social organization but are necessarily a feature of all societies.

If this is accepted then it has serious consequences for the defence of the free market. It means that one cannot claim that the creation of inequality is beneficial because of the resulting increased incentives, *and* still hold to the position that the market maximizes freedom, for such a concept of freedom must, on this view, be hopelessly abstracted from the perceptions of real people. They perceive their relative poverty to be a constraint on their freedom.

Some constraints on freedom will be marginal while others will be important, but all will be affected by an individual's expectations of what life can and should offer me. If other people are perceived as enjoying a higher standard of living and if the majority of media advertising is about goods beyond reach then disappointed expectations will have a bearing on economic freedom. Freedom is therefore a relative good and will depend on some concept of equality if it is to be measured. Does it then matter that the poor are not made poor by the deliberate actions of an individual but by the workings of the impersonal market?

If an individual does not have access to adequate education, health care, housing and an adequate income when compared to the rest of society

¹ Gould, *op. cit.*, p.21.

then, according to Gould, this must be regarded as a constraint upon that individual's freedom:

'A society such as our own which appears to perform well on the more usual tests may be reckoned less free than we normally suppose when these additional tests are applied. And the traditional socialist concern with these matters would then have to be seen as an attempt to extend rather than to limit freedom.'¹

This is all very well, but it is important to remember that socialist societies are not famed for their emphasis on freedom. Is this any more than a clever way of countering the libertarians' sole title to freedom? Many socialist countries pursue greater equality but at the expense of civil and political rights which are just as important to the concept of freedom. Other regimes reward a political elite with vast wealth, rather than reward an economic elite as is the market practice. At the heart of this argument however there is a valuable insight which Christian thinkers must grapple with. There is no point in grappling with models of markets or political theories which are hopelessly abstracted from the lives of ordinary people. Is it not true however that people perceive themselves as constrained by their poverty? The Biblical parallel of poverty and slavery would seem to indicate so. It may be true that if we started to redesign society from scratch we could define freedom only negatively as the absence of intentional coercion, but as Christians, we have to start our thinking by taking history as given and work with the situation as we find it. We can therefore have no truck with utopias of Left or Right, but we are trying to achieve the best possible state of affairs in a fallen community. In this situation economic and social arrangements will be a constraint on freedom.

The vision of the maximization of freedom through the pursuit of equality is seen by socialists to be achieved through the diffusion of power back to the people. Whereas other political ideologies are criticized for encouraging government (in the widest sense) by elites, 'true' socialism is meant to be as opposed to the accumulation of power as it is to the accumulation of capital in the hands of a few. The Labour party in Britain has done little to foster such a positive image for socialism and the concentration of power within the party and within the trades union movement is also of concern. It may of course be absurdly romantic to believe that power is something which can be diffused and remain power, in a fallen world. It is only in the Kingdom of God that coercion becomes mutual submission. No political arrangement can so disperse power that elites disappear; even democracy conforms to this rule.

The picture of a benevolent socialist government dispensing power in the interests of equality and therefore (in this view) of freedom, does not seem to describe the behaviour of any socialist state in existence at present. What Bryan Gould appears to be attempting to draw up is a socialism which will appeal to a Britain which has recently shown itself to be more Conservative than the Labour party could have ever imagined.

¹ *Op. cit.*, p.29.

Secondly, the main tool for bringing about equality in our society, the welfare state, has firstly largely failed the criterion of equality and secondly is the locus of one of the biggest pools of bureaucratic power in British history. How are socialists to deal with this embarrassment? After all Conservatives and Social Democrats are essentially 'tinkerers' in that, for all their rhetoric, including that accompanying the Fowler Reviews, they achieve their aims by tinkering with the existing welfare state. At the 1983 election Mrs. Thatcher had to promise that the NHS was safe in Tory hands, such would have been the outcry had she attempted to follow a libertarian line.

However socialists are meant to be 'structuralists' and not satisfied with such an approach. The more Marxist the analysis is, the more it will advocate complete structural change. Here is something of an enigma, for even though the evidence on inequality is overwhelming, few, except the hardly idealists of the far Left, wish to do away with it. It appears that for all its problems we are still aware that any alternative may have the same problems.

Some socialists accept that socialism encouraged passive consumption of state provision, thus undermining people's confidence to direct their own lives: '... this passivity was necessary to the achievement of socialism by gradually extending networks of intrusive state power into civil society'. They continue, 'socialists who call for less bureaucracy have failed with few exceptions to recognize that some positive things can be learned by engaging with the New Right, which has taken the lead in popularizing the demand for less state action'.¹ This degree of self-criticism seems to suggest that some socialists feel, that apart from the arguments put forward by some such as Bryan Gould, the record of socialism stands against those who wish to talk of less state interference. However although Right-wing libertarians may momentarily have the upper hand in terms of intellectual respectability, few people are enamoured by either the practicability or the desirability of a move to a free market economy.

¹ D. Held and J. Keane, 'Socialism and the limits of State Action' in Curran (ed.) *The Future of the Left*, pp.170-172.

5. CIVIL RIGHTS AND WELFARE RIGHTS

In his Gore Lecture 'The Welfare State—A Christian Perspective',¹ Bishop Lesslie Newbiggin points out that the Welfare State sits rather uneasily on a market system organized around different principles. For the Welfare system is centred on the concept of *need* whereas the market system reflects *wants*. Thus the fact that many in the population still lack basic commodities such as decent housing or nutritious food does not stop industry turning out more and more luxury items in response to wants. Moreover, the uneasy partnership of these two systems provides a confusion over the important issues of human rights, a problem which hits at the very heart of the Welfare State.

The State has undertaken to increase the wellbeing of its members and to increase the fairness of the distribution of rights enjoyed by the community. As the notion of justice is currently used to cover anything which has to do with rights, both the welfare state and the minimal state have justice as their aim. The former reforms in order to conform to a concept of social justice, the latter conserves in order to preserve individual rights. The modern idea of the welfare state in many Western European countries is that the State should be responsible for the basic material provision for its citizens while the individual retains responsibility for rising above that basic minimum. Where the line should be drawn remains a matter of conjecture.

This positive function of the State is not exclusive to it by any means. The voluntary sector, the family, religious agencies all seek to promote the welfare of the community in their way. The difference with the State's involvement in this area is that far from being a voluntary service it becomes compulsory by law.

All use of law by the State requires a degree of coercion and the degree of coercion involved will depend on the extent of the State's activities in the welfare sector. It may be compulsory for children to be educated up to the ages of 15 or 16 but parents may be left to choose between public and private education. Whether this is perceived as a 'real choice' will of course depend on whether one is prepared to accept the existence of private education as constituting a 'choice'; to those families who do not have the means to pay for it.

The distinction between 'civil rights' and 'welfare rights' is important for it lies at the heart of the libertarian case for a minimal state. It has been analyzed helpfully by Professor Raymond Plant.²

Welfare 'rights' are rights to certain social service such as medical care, education, supplementary benefit etc. Civil rights are negative in the sense that they bind the state to abstain from doing certain things such

¹ Lesslie Newbiggin *The Welfare State—A Christian Perspective* (Oxford Institute for Church and Society 1985).

² Plant, *op. cit.*, p.25f.

as torture, property seizure etc. Since any right implies a corresponding duty the State must be capable of carrying out such obligations. However since they only require that the state does *not* behave in certain ways then they are capable of fulfilment. Welfare 'rights' which are claims to resources may not be capable of fulfilment and they are therefore subject to a bargaining process and to being changed by governments of different political colours. Plant quotes Charles Fried as saying:

'A positive right is a claim to something—a share in a material good, or some particular good with the attentions of a lawyer or a doctor, or perhaps a claim to a result like health or enlightenment—while a negative right is a right that something is not done to one, that some particular imposition be withheld. Positive rights are inevitably assigned to scarce goods and consequently scarcity implies a limit. Negative rights however, the rights not to be interfered with in forbidden ways do not appear to have such material, such inevitable limitations. If I am left alone, the commodity I obtain does not seem to be a scarce or limited one. How can we run out of people not harming one another, not lying to each other, leaving each other alone?'¹

Although at first sight this seems to imply that welfare rights are not true human rights the argument is changed when the question of *enforcement* of civil rights is raised. We do not live in a world in which such rights are automatic and costless, but in a fallen world in which an expensive and elaborate machinery of law enforcement exists. The libertarian cannot attempt to prove his case by comparing the theory of civil rights with the practice of welfare rights. To picture a world in which enforcement is costless, can be met by the welfarist portraying a world in which scarcity is no problem.

Plant argues that the two types of right belong together.

'My well-being and autonomy clearly require certain kinds of forbearance on the part of others, but they also as I have argued, require certain opportunities and resources.'²

The drawing of too fine a line between them cannot be supported. This also applies to the distinction between obligation and bargaining in a 'second best' world where rights have to be enforced. Why then should neo-liberal critics of the welfare state object to it on the ground that it is subject to political decision-making when clearly the same is true of civil rights which must be zealously guarded and also rigorously enforced, at high cost, by the most minimal state?

However having argued for the relative merits of civil and welfare rights, we must now turn our attention to whether the whole notion of rights as conceived in modern society, is the correct vehicle for the delivery of a welfare society rather than a bureaucratic welfare state.

The language of human rights has gained more than a foothold in political debate over the last 20 years. Some would say that it has gained more

¹ C. Fried, *Right and Wrong*, (London: Harvard University Press 1978), p.110.

² Plant, *op. cit.*, p.28.

of a stranglehold, for if everything is a right then nothing is a right and more and more seems to fall into the rights category. This of course is an indicator of a rise in powerlessness for as people feel powerless they attempt to label what they have lost as theirs 'by right' (cf. the current emphasis on the 'right to work').

But are rights determined by want or need? Libertarians, who stress the rights of the individual, state that whatever the individual wishes to do with his income and wealth should be of concern to nobody else and no-one else has a right to his property. They reject the idea that welfare is some kind of moral right, seeing it more as a matter for compassion, charity and largesse rather than justice, and certainly not extensive State political action. Those on the Left believe that our common humanity places upon us an obligation or duty to care. Although such an obligation could conceivably be discharged voluntarily, it is not, and state coercion via the tax system is used to bring about a greater degree of justice.

Bishop Newbigin points out that both parties to the debate have their roots in the Enlightenment. Both sides claim to be defending human rights and human happiness. But who can decide what human happiness really is or what somebody else needs? Unfortunately we have no omniscient planners in Whitehall. To state what another person needs is to claim a degree of knowledge and insight which does not exist. It is chiefly for this reason that Hayek constantly asserts individual freedom. Much information in society is not publicly known, each individual according to Hayek has some advantage over others because he possesses unique information from which he may profit if he were to use it on the free market. This means firstly that there can be no unique standard of *need* and secondly that the government which claims to have *more* information than the population and therefore is able to define what *need* is, is operating under a 'fatal conceit'.

But the heart of the support for the market economy made by the Right is a belief in the autonomous nature of man, thinking that by stressing that, one is emphasizing all that is good about individual responsibility and human dignity. But no Biblical Christian could accept the autonomy of people as a basis for thought. The story of Genesis tells that the one thing which was 'not good' which God had created was man *alone*. It was man in community, humanity as male and female which was pronounced good. Far from wishing to stress independence the Christian wishes to stress *interdependence*. The need for the existence of the Welfare State only comes because we have failed as a Welfare *society* in which we voluntarily accept a natural obligation towards one another to care. This interdependence will have many consequences.

Because we have swallowed the idea that individuals are autonomous hook, line and sinker, we have also swallowed the demolition of the concept of 'charity' for, as Newbigin points out, charity is only an affront to the individual who should be autonomous. In other cultures (he cites India) where interdependence is expressed towards the poor by charitable acts, there is no stigma, for there is no tradition of the

autonomous individual to call upon. Caring for one another should be a privilege, the carrying out of which frees the individual from the need to claim rights. In a society such as ours where people are retreating into themselves and the concept of interdependence is almost non-existent, the strain will be taken by the concept of human rights. But when the claims to rights becomes enshrined in different interest groups in society and that society becomes competitive rather than co-operative in the search for higher welfare levels, the ensuing battle can destroy the fabric of society. Certainly, it does nothing to foster interdependence!

If it is true that we cannot stop such competition by defining 'need' objectively for the country as a whole, nor that we can accept the autonomy of the individual and his or her wants as a basis for rights, what are we left with? For the debate over the Welfare State will be unresolved as long as it is conducted in terms of the search for alternative bases for rights whether they be expressed by 'wants' or 'needs'. At the heart of the Christian insight about rights lies the fact that 'in the actual presence of God none of us can claim rights, not because God overrules us with his power but because he does not.'¹ For '... if justice is taken out of its true context in the holy love of God as the law of human being and placed within the Enlightenment view of the human person as an autonomous individual, the result can only be disaster.'¹ The Church needs to lead the way in visibly rehabilitating the concept of 'charity' or 'loving care' not as a policy option as some in the Right would have us believe but as the motivation for the duties and responsibilities we have to one another, without abstracting the quest for greater justice in society.

6. CONCLUSIONS

As we have seen the traditional approach to the welfare state has always been to regard it as an instrument for the eradication of poverty and need, with some trade off between freedom for the individual and equality being necessary if it is to work. We have also seen how the existence of that trade off has been called into question by libertarians such as Hayek on the Right and socialists such as Gould on the Left. They are only highlighting a tendency which has existed for a long time in British political life; namely to deify one aspect of reality. The Right deifies freedom, the Left equality.

It is important to remember that isolating freedom as the sole objective implies several things. Firstly, it must be defined negatively, and cannot include welfare rights, as commitments to supply resources do not constitute 'rights' in this view. Secondly, one would have to accept that the poverty exacerbated by free markets does not constitute injustice. As we have shown, using Plant's arguments, this does not hold. Thirdly, one must be able to support the degree of abstraction necessary to separate 'freedom' from poverty and inequality. The fact that these commitments are substantial for the Christian who takes the Biblical evidence cited in the introduction as his guide, does not rule out the fact that the libertarian critique of the current practice of the welfare state must be taken seriously. There is much on which we would wish to agree, such as the growth of bureaucracy, the lack of accountability, the unjust discrimination between equally worthy cases, and badly targetted resources.

The Left has separated out equality and isolated that as a target. There is much of substance in Gould's argument that one cannot define freedom apart from its 'concrete' meaning and thus cannot separate it from the existence of relative poverty. Indeed it echoes much of the Biblical material. The problem comes with the delivery of the vision. It is important that as in the Biblical vision, a person be able to enjoy their human rights in peace without coercion. The record of socialist countries is not encouraging on this. Nor is the record of the welfare state itself with respect to attaining the goal set. Firstly, it has failed to close the inequality divide. Secondly, its vast bureaucracy has alienated people and created dependency. Thirdly, the explanation that this is due to the welfare state being grafted on to a market economy may well be true, but the implicit suggestion that the market economy should therefore give way to a larger state sector when socialists themselves are trying to avoid any explicit connection between socialism and the expanding state, shows that this 'unequally yoked' partnership will persist.

In breaking out of the consensus mould the Right have created problems for themselves with respect to fairness, and the Left, despite Gould's efforts, still have problems in convincing people that socialism can deliver a free socialist society.

The problem is painful for Christians who recognize that in the Biblical vision *both* freedom and equality are held together in a creative tension. However this can only take place within a society with a high degree of

commitment to community. This does not mean community as a concept but a commitment to preserving the freedom and maintaining the quality of life of people one respects and cares for. Such commitment is on the wane in our modern societies and this is reflected in the difficulties we have seen in the distorted mirror of the welfare state. We think of people 'en bloc' as the 'the poor', rather than as people with whom we have caring relationships. The Mosaic law protected them and drew them into the life of the community whereas we leave it to the bureaucracy of the welfare state to provide anonymously for them. We exacerbate the problems of poverty with the problems of class, the Bible does not.

We are left with having rejected both the free market option, and the socialist option. We are therefore back with some form of the current system; with 'tinkering', the exact details of which lie outside our brief. Our conclusion is that though the vision behind the welfare state is one of which we should be proud, its outworking has run into problems because we needed the coercion of the welfare state to do for us what we were no longer willing to do voluntarily as a welfare society. With those constraints it was inevitable that it run into problems.

The hope to which Christians are called lies with the example of the Church as a caring community. However the church has itself become privatized and has shrunk from the public arena until relatively recently. With the publication of the recent *Faith in the City* report and the renewed vision for justice and social responsibility, we can only hope and work for a renewal of the Church as a major force in our national life, which will bring back human scale compassion, and a passion for justice, to ordinary people in modern Britain.

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